Statement by William L Stringer,
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My name is Bill Stringer, and I am currently a Medicare beneficiary living in Beavercreek, Ohio. I want to thank you both, Senator Grassley and Senator Breaux, for inviting me to testify before the Senate Special Committee on Aging on a topic that is very important to me.

To give you my context, my medical care has been provided by a HMO-like operation during 27 years in the Air Force and actual HMOs during 22 years of contractor employment. I am accustomed to HMO operations and prefer them to the available alternatives. I joined Anthem Senior Advantage on April 1, 1998 when I retired from active work and was quite happy with their support. I will refer to Anthem Senior Advantage as ASA in the rest of my testimony.

I was surprised to receive a letter from ASA dated May 23, 1998 announcing that they will no longer offer their Medicare HMO in Greene County (where I live) after December 31, 1998. ASA's letter did not provide any explanation for their decision but later newspaper articles identified ASA's profit (or lack thereof) as the reason.

I had assumed that the ASA contract with HCFA did not provide for unilateral withdrawal by ASA. The 1997 Guide to Health Insurance for People with Medicare (developed jointly by the National Association of Insurance Commissioners and HCFA) provided to me by ASA did not even suggest that this was a possibility. HCFA also sent me directly a brochure that described how I could disenroll but did not mention that ASA could disenroll me.

Despite the adverse publicity in the local newspapers about ASA's intent to withdraw from the Medicare HMO market at the end of the year, my wife received a letter from ASA in early June 1998 inviting her to join ASA since she would reach 65 in October 1998. Nothing in the letter mentioned that this coverage would end on December 31 and she would have to disenroll and find other options, if they existed, under Medicare. In early July 1998, she received a second marketing notice from ASA, again with no warning that the coverage offered would end in December.

In a June 26 Dayton Daily News (DDN) article, ASA later blamed HCFA, saying "under law, ASA is required to offer its plan to any Medicare recipient until its coverage ends. In the same article, Bette Weisburg, a HCFA official from the Chicago regional office, said, "ASA's pullout was legal" but added, "the law may need to be changed". Again HCFA remained silent about ASA's marketing tactics, implying their approval. Despite all this, my wife enrolled in ASA in October 1998 to protect her termination rights, whatever they might turn out to be. Termination rights relate to mandatory Medicare supplement coverage with no delay in coverage for pre-existing conditions.

I received a copy of the 1998 Guide to Health Insurance for People with Medicare (still developed jointly by the National Association of Insurance Commissioners and HCFA) from Medicare supplement providers at a seminar sponsored by Greene Memorial Hospital (GMH) in August 1998. Page 25 of this Guide describes "Medicare Protection When Other Health Insurance Ends or Is Lost-Effective July 1, 1998" but is totally confusing to me and I challenge the committee to tell me how it applies to my situation.

Medicare supplement sources told me that we would have termination rights under the Balanced Budget Act of 1997 if ASA disenrolled us but none if we did the disenrolling. In a July 1998 article in the Beavercreek News-Current (BNC) paper, Bette Weisberg, the HCFA Chicago regional official I mentioned earlier, said that "the contracts are renewed every calendar year and an HMO operator can chose not to renew for any reason. The only requirements are that they must notify their members and prevent coverage gaps". HCFA did not choose to make this information available in their many publications and did not specify when the notices must be provided to current (or prospective enrollees) or how coverage gaps would be prevented.

In a September 10, 1998 letter to me, Rep Hobson said that he contacted HCFA to get their interpretation of Sec. 4031 of the 1997 Balanced Budget Agreement. "HCFA stated that the various Medigap programs are not required to adhere to Sec. 4031 until State laws are passed. Moreover, the States have until 1999 to effectuate a change". This information appears to me as substantially different than that published in the 1998 HCFA Guide. This information dashed our earlier hopes that we had some termination rights.

ASA's October 15, 1998 letter said they had reached an agreement with HCFA to continue HMO coverage in 1999 but with benefit/premium changes. "These benefits are subject to approval by HCFA. Upon approval by HCFA, all active members will receive an annual notification that provides more detailed information regarding the approved 1999 plan benefits." ASA did not mention HCFA's requirements for timely notices to us. HCFA again remained silent.

My wife has pre-existing conditions for diabetes and heart ailments and I have had two heart attacks. We no longer trusted ASA to do more than the minimum to offset the adverse publicity and respond to the political pressure on them. I enrolled both of us in a Medicare Supplement plan effective January 1, 1999. I assumed that ASA notification in May that they were disenrolling all Greene County participants was still in effect despite the optimism in their October letter. I was wrong.

Just one month before I thought the ASA plan was dead, we received letters from ASA dated November 23, 1998 defining the 1999 rates/benefits. The letter included their announcement that Senior Advantage would become a Medicare+Choice program effective January 1, 1999, my enrollment would continue (unless **I disenrolled** before the end of the year), and attached six pages of new rules. One new rule was "If the plan terminates its contract with HCFA, it must inform members in writing at least 60 days prior to the date of termination". It seems to me that most Medicare beneficiaries cannot evaluate the many alternatives and intelligently respond within 60 days, let alone the 30 days ASA gave me to decide. The time required for any alternative providers to receive/process/respond to any applications seems to have been ignored in the determination of the 60-day criteria. HCFA presumably waived or ignored the 60-day requirement. It now appeared that ASA was no longer disenrolling us and we had no termination rights.

On November 26, 1998, I advised ASA and HCFA that we should be disenrolled from ASA effective December 31, 1998. Fortunately we had already received coverage from our Medicare Supplement provider with no delay for pre-existing conditions. We preferred Medicare HMO care to fee-for-service and the ASA package appeared cheaper but we disenrolled because we had lost confidence in ASA and, more importantly, in HCFA's oversight of the Medicare HMO program. The bottom line is both my costs and Medicare costs have increased but I have no more unreasonable deadlines to meet or confusing rules to comprehend.

In summary, I believe that HCFA's performance left much to be desired in these areas:

Inadequate coverage of risk of HMO pullouts in Medicare publications:

- Nothing in the 1997 Guide, confusing info in the 1998 Guide.

No effective means of communication with those facing pullout-related decisions:

- No 800 numbers, no fax numbers, no email addresses, and errors in Medicare web site.

Unwillingness to make full disclosure of HCFA requirements regarding ASA continuance or replacement by another HMO:

- Poor oversight of Medicare HMO marketing efforts.
- Lack of full disclosure in ASA materials and public statements.

Lack of initiative in implementing congressional direction regarding termination rights:

- No visible effort to inform ASA victims in terms understandable by Medicare recipients.